

# ‘India’s growth will rebound to 7%-7.5%’

No link between economic slowdown and demonetisation: NITI Aayog Vice Chairman Rajiv Kumar

**SPECIAL CORRESPONDENT**  
NEW DELHI

The new Vice-Chairman of NITI Aayog Rajiv Kumar on Friday said he was confident that India’s growth would rebound to 7%-7.5% in the current quarter after declining for five consecutive quarters.

He also categorically dismissed any link between the slowdown in growth and demonetisation.

As per official data released on Thursday, India’s GDP grew at 5.7% between April to June this year, the slowest pace in 13 quarters.

“I am confident that in the July-September quarter, economy will grow by minimum 7-7.5% because re-stocking has started, there is more clarity on the GST and there is prediction for a good monsoon,” said Dr. Kumar, who took charge on Friday, succeeding Arvind Panagariya, who had resigned.

Dr. Kumar said there cannot be any link between de-



**Fresh start:** New Vice-Chairman of Niti Aayog, Dr. Rajiv Kumar, addressing the media on Friday. ■PHOTO: SANDEEP SAXENA

monetisation and slowdown in GDP because re-monetisation started in the first week of January. “It was only a six-week period between November 8 and December 31 that saw some shortage of currency...so to say that April-June decline in GDP is because of demonetisation is completely false.”

He reasoned that the de-

cline was mainly due to the fact that the April-June quarter saw active de-stocking by firms in anticipation of GST. “I must plead with you to not take this blip... this quarter’s figure... as any kind of a trend. With due respects to my mentor Dr. Manmohan Singh, this quarterly data cannot be used to say look: I told you

that GDP will drop by 2%,” said Dr. Kumar, who termed the Niti Aayog VC job as a dream job for any economist. Recalling the words of a “wise old man standing in a bank queue” who told him why demonetisation made sense, Dr. Kumar said, “Sometimes, you need to take 2-3 steps back, before you leap forward.” Historically, every country which had taken on fundamental governance reforms had seen shrinkage in output, he pointed out.

Citing the surge in private firms lining up for IPOs to raise funds and the buoyancy in the capital markets, Dr. Kumar said that private investment was picking up.

Terming the revival of private investment his major priority after job creation, he said that India was a country of entrepreneurs and private investors who accounted for 70% to 80% of total investments. “We have to make

sure that the domestic investor sees this country [as] where his role and contribution is appreciated so that private investment can pick up again.”

## ‘Demand deflation’

The corporate sector wants to invest because that’s the business they are in. “If they are not investing, and this is changing already as a large number of IPOs are now lined up, it has been because there has been a demand deflation. There are excess capacities in the system and a large number of corporate houses are stuck with weak balance sheets.”

Terming employment his top priority, Dr. Kumar said it was not important if India faced unemployment or under-employment.

“The key is to generate jobs. Here, the demand side is important. We keep focusing on then supply side of skills and education alone.”